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13 IN THE UNITED STATES DISTRICT COURT
14 SOUTHERN DISTRICT OF CALIFORNIA

15 NEW AGE PRODUCTS, INC.,

16 Case No. 96 2129 J CGA

17 Plaintiff,

18 DEFENDANT PROGRESSIVE
19 INTERNATIONAL CORPORATION'S
20 ANSWER TO PLAINTIFF'S
21 FIRST-AMENDED COMPLAINT

22 PROGRESSIVE INTERNATIONAL
23 CORPORATION,

24 Defendant.

25 PROGRESSIVE INTERNATIONAL
26 CORPORATION,

27 Counterclaimant,

28 v

29 NEW AGE PRODUCTS, INC.,

30 Counterdefendant.

31 /
32
33 Defendant Progressive International Corporation
34 ("Progressive") does hereby answer the allegations of each
35 numbered paragraph of the First Amended Complaint and Demand for

Jury Trial as follows:

1. Admitted.

2. Admitted.

3. Admitted.

4. Admitted.

5. Defendant Progressive denies that U. S. Patent No. 5,472,790 was duly or legally issued to Plaintiff, New Age Products, Inc., but admits that U. S. Patent No. 5,472,790 was issued on December 5, 1995. Defendant Progressive denies that the Preparation and Transfer Sheet described therein constitutes a patentable invention under the Patent Laws. Defendant Progressive is without knowledge or information sufficient to form a belief as to the truth of the allegation concerning ownership of the patent-in-suit or any of the other allegations contained therein.

6. Defendant Progressive here repeats his responses to paragraphs 1-5.

COUNT I

7. Admitted.

8. Defendant Progressive denies that it was doing business in this district as of the date the present action was filed, as such sales which had then occurred in this District have been made through distributors and/or independent sales representatives.

9. Defendant Progressive denies that it has infringed or is infringing the patent-in-suit, has been inducing others to infringe any of the claims of the patent-in-suit, or contributing to infringement of others. Defendant Progressive admits that Exhibit B is a copy of its packaging of the accused product.

1 Defendant Progressive denies that it could be guilty of
2 contributing to the infringement of or inducing others to infringe
3 the patent-in-suit if it were guilty of direct infringement as
4 alleged.

5 10. Defendant Progressive admits that it received a letter
6 dated October 8, 1996 in which Plaintiff's attorney accused
7 Defendant Progressive's product identified in the Complaint of
8 infringing the patent-in-suit.

9 11. Defendant Progressive denies that it has infringed the
10 patent-in-suit, willfully or otherwise, and believes the patent-
11 in-suit is invalid and not infringed.

12

13 COUNT II

14 12. Defendant Progressive repeats the responses to
15 paragraphs 1-11 above.

16 13. Defendant Progressive denies that Defendant Kevin Wold
17 ("Wold") has committed any acts in this district which could
18 confer personal jurisdiction of this Court has personal
19 jurisdiction over Defendant Wold, and venue to Defendant Wold is
20 improper under 28 USC 1400(b).

21 14. Defendant Progressive admits that Defendant Wold has
22 ultimate legal authority to control the activities of Defendant
23 Progressive. Defendant Progressive denies that Defendant Wold
24 personally approves of the selection of all products by
25 Progressive or that Defendant Wold's participation in the decision
26 to introduce the accused product was anything other than in the
27 normal course of his duties as president of Defendant Progressive.

28 ////

1 15. Admitted to extent that Defendant Wold did have
2 knowledge of the patent-in-suit prior to making sales of the
3 accused mats, but denied to the extent that no infringing acts are
4 admitted.

5 16. Denied.

6

7 AFFIRMATIVE DEFENSES

8 17. Defendant does not infringe any of claims 1-3 or 5-9 of
9 the patent-in-suit as, on information and belief, the accused
10 product does not fall within the parameters recited therein.

11 18. By reason of the proceedings in the U. S. Patent and
12 Trademark Office during the prosecution of the application which
13 resulted in issuance of the patent-in-suit as shown by the file
14 wrapper thereof, Plaintiff is estopped to claim for the patent-in-
15 suit a construction that would allow the patent-in-suit to cover
16 any product manufactured, or sold by the Defendant.

17 19. More than one year prior to the filing of the original
18 application which matured into the patent-in-suit, the alleged
19 invention was described in printed publications and was on sale in
20 this country, and hence the patent-in-suit is invalid under 35 USC
21 102(b).

22 20. Before the alleged invention by the patentee, the
23 alleged invention was known and used by others than the alleged
24 inventor and was on sale in this country, and hence the patent-in-
25 suit is invalid under 35 USC 102(a).

26 21. In light of the prior art at the time the alleged
27 invention was made, the subject matter as claimed in the patent
28 would have been obvious to a man skilled in the art to which the

1 alleged invention relates and does not constitute patentable
2 invention under 35 USC 103.

3 22. The claims, and each of them, of the patent-in-suit are
4 excessively vague and indefinite and do not distinctly point out
5 and define the invention, and hence are invalid under 35 USC 112.

6 23. The alleged invention was made by another in this
7 country before the patentee's alleged invention, and such other
8 person has not abandoned, suppressed, or concealed it, and hence
9 is invalid under 35 USC 102(g).

10 24. The patent-in-suit issued from a patent application
11 filed on June 13, 1994. This application was a continuation-in-
12 part of an earlier application filed on December 22, 1992. Claims
13 1, 2, 4 and 5 of the patent-in-suit are not entitled to the filing
14 date of the earlier application as containing matter not in the
15 original application. Plaintiff has admitted that its own cutting
16 mats meeting the terms of claims 1, 2, 4 and 5 were on sale more
17 than one year earlier than the filing date of the continuation-in-
18 part application. The fact of the earlier sale of Plaintiff's
19 product completely anticipating claims 1, 2, 4, and 5 was not
20 disclosed to the U. S. Patent and Trademark Office, either with
21 intent to deceive or due to gross negligence from which intent to
22 deceive can be inferred. The earlier sales of Plaintiff's cutting
23 mat more than one year prior to the filing date of the
24 continuation-in-part application render claims 1, 2, 4, and 5
25 invalid under 35 USC 102(b). The failure to disclose information
26 material as to the patentability of claims 1, 2, 4, and 5 to the
27 U. S. Patent and Trademark Office is a breach of the patentee's
28 duty of candor to the U. S. Patent and Trademark Office, rendering

1 all of the claims of the patent-in-suit unenforceable.

2 25. In a Disclosure Statement document filed in the U. S.
3 Patent and Trademark Office on April 22, 1993 and July 11, 1994,
4 Plaintiff's attorney made representations concerning the physical
5 parameters of a prior art Counter-Maid flexible cutting mat,
6 intending that the U. S. Patent and Trademark Office rely on such
7 representations. Specifically, Plaintiff made representations as
8 to the thickness, hardness, and flexural modulus of the plastic
9 material of the prior art cutting mat. These representations were
10 knowingly false as the thickness and stiffness of the Counter-Maid
11 mat were known to the inventor to be within the ranges claimed in
12 his patent application as he had possessed and examined a sample
13 of the Counter-Maid mat. No tests had been conducted on the
14 cutting mat to determine flexural modulus and hardness values, and
15 Plaintiff's attorney in representing that the values had been
16 determined and were outside the claimed ranges knowingly deceived
17 the U. S. Patent and Trademark Office as to verified parameters of
18 the prior art. The prior art Counter-Maid cutting mat was
19 otherwise highly pertinent to the claimed invention. This
20 information was highly material to the U. S. Patent and Trademark
21 Office in making a determination of patentability, and hence, by
22 failing to disclose this information, the patent-in-suit is
23 rendered unenforceable by this breach of the duty of candor by the
24 patentee.

25 26. The inventor, Roderick Thompson, executed a Declaration
26 dated June 30, 1994 which was filed in the U. S. Patent and
27 Trademark Office on July 11, 1994. This declaration failed to
28 state that Mr. Thompson had derived the concept of the flexible

1 plastic Counter-Maid cutting mat from Marian Gillett prior to
2 invention and implied that the concept was solely his; in that
3 declaration he also implied that extruded thin gauge polypropylene
4 plastic sheet was not commercially available and was first
5 conceived by him, when in fact Mr. Thompson had, more than one
6 year prior to the filing date of the parent patent application,
7 caused commercial quantities of thin gauge extruded plastic sheet
8 to be purchased by Schneider Plastics, Inc. which had the very
9 characteristics described in the specification. Further, Mr.
10 Thompson knew such material had been commercially available for
11 years. Since these facts were known to the inventor and not
12 disclosed to the U. S. Patent and Trademark Office, either
13 knowingly or as a result of gross negligence under such
14 circumstances that an intent to deceive the U. S. Patent and
15 Trademark Office must be inferred. The U. S. Patent and Trademark
16 Office manifestly relied on such representations in allowing the
17 application, as the Examiner did not himself locate prior art
18 demonstrating that thin gauge extruded polypropylene was known and
19 hence the patent-in-suit is unenforceable as a result of a breach
20 of the duty of candor owed the U. S. Patent and Trademark Office.

21 27. The named inventor did not himself invent the subject
22 matter of the claims of the patent-in-suit and the patent is thus
23 invalid under 35 USC 102(f), and the applicant knowingly and
24 falsely represented to the U. S. Patent and Trademark Office that
25 he was the inventor, when in fact he had derived the claimed
26 invention from the Counter-Maid product invented by Marian
27 Gillett, the true inventor of the claimed invention.

28 ////

1 28. The named inventor of the patent-in-suit, Roderick
2 Thompson, did not himself determine the particular ranges of
3 physical parameters set forth in the claims of the patent-in-suit
4 and alleged in various statements to the U. S. Patent and
5 Trademark Office. The attorneys for the Plaintiff knowingly
6 represented that the named inventor had made such discovery of the
7 cutting mat material characteristics, when in fact he had not,
8 with the intent of deceiving the U. S. Patent and Trademark
9 Office. The attorneys for Plaintiff submitted an Affidavit by one
10 Robert Casola, Jr., rendering opinions as to the patentability of
11 the alleged invention of the patent-in-suit. The attorneys failed
12 to disclose that the affiant was employed at a company which was
13 supplying the product to Plaintiff at the that time. Based on
14 such misrepresentation, Plaintiff's duty of candor to the U. S.
15 Patent and Trademark Office was breached, and the patent-in-suit
16 is unenforceable.

17 29. The patentee intentionally did not disclose the best
18 mode of practicing the invention at the time of filing the
19 continuation-in-part application from which the patent-in-suit
20 matured, adding technical matter to the continuation-in-part
21 application which was known to the patentee to be inferior to what
22 was then actually being sold, and thus the patent is invalid under
23 35 USC 112.

24

25

COUNTERCLAIM

26 1. Jurisdiction of this Counterclaim arises under the
27 Federal Declaratory Judgments Act, Title 28, United States Code,
28 Sections 2201 and 2202, and under the laws of the United States

1 Code, Section 1338(a). There is a justiciable controversy between
2 Plaintiff and the Defendants concerning the validity and scope of
3 Plaintiff's U. S. Patent No. 5,472,790, and Defendants' liability
4 for infringement thereof.

5 2. The patent-in-suit, on information and belief, is
6 invalid, unenforceable, and not infringed for one or more of the
7 reasons alleged in paragraphs 17-29 of the Answer, to which this
8 Counterclaim is appended, all of which are incorporated herein by
9 reference.

10 WHEREFORE, Defendant Progressive prays as follows:

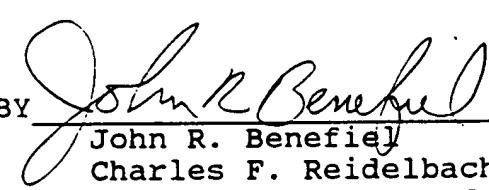
11 1. That Plaintiff take nothing by way of its suit and that
12 this Court enter judgment in favor of the Defendants;

13 2. That this Court declare U. S. Patent No. 5,472,790 to be
14 invalid, unenforceable, and not infringed by Defendant
15 Progressive;

16 3. That this case be deemed exceptional and that the
17 Defendants be awarded their costs of suit, including reasonable
18 attorneys fees; and,

19 4. For such other relief as the Court deems just and
20 equitable.

21
22 PROGRESSIVE INTERNATIONAL CORPORATION

23
24
25 BY 
26 John R. Benefiel
27 Charles F. Reidelbach, Jr.
28 Attorneys for Defendant

Dated: December 5, 1997

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12 Attorneys for Defendant

13 IN THE UNITED STATES DISTRICT COURT
14 SOUTHERN DISTRICT OF CALIFORNIA

15 NEW AGE PRODUCTS, INC.,

16 Plaintiff,

17 v

18 Civil Action No.
19 96 2129 J CGA

20 PROGRESSIVE INTERNATIONAL CORPORATION,

21 Defendant.

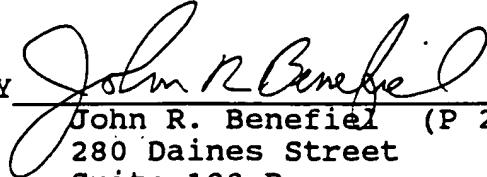
22 CERTIFICATE OF SERVICE

23 It is hereby certified that a copy of the foregoing DEFENDANT
24 PROGRESSIVE INTERNATIONAL CORPORATION'S ANSWER TO PLAINTIFF'S
25 FIRST-AMENDED COMPLAINT was mailed, first class mail postage
26 prepaid, on December 5, 1997, to attorney for Plaintiff, as
27 follows:

28 Neil F. Martin
1 Neil F. Martin
2 BROWN, MARTIN, HALLER & MCCLAIN
3 1660 Union Street
4 San Diego, California 92101

5 PROGRESSIVE INTERNATIONAL CORPORATION

6 BY

7 
John R. Benefiel (P 28970)
8 280 Daines Street
9 Suite 100 B
10 Birmingham, Michigan 48009-6244
11 248-644-1455

12 Attorney for Defendant Progressive

13 Dated: December 5, 1997